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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000313

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E.O. 12958: DECL: 03/07/2023

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SUBJECT: KMT HONORARY CHAIRMAN LIEN CHAN ON REFERENDUM
BOYCOTT, CROSS-STRAIT PROSPECTS UNDER KMT ADMINISTRATION

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: KMT "Honorary Chairman" Lien Chan predicted KMT presidential candidate Ma Ying-jeou would win if there were no "surprises" between now and the March 22 election. Lien acknowledged that Ma has a "moderate" personality which may appeal to a broad swath of voters, but attributed Ma's lead to President Chen's low popularity, he insisted, not Ma's campaign. Taiwan does not have a large population of "swing voters," argued Lien, but young people and light-Blue and -Green voters who sat out January's legislative elections will probably vote in the presidential election, and mostly in favor of the KMT. Lien believes the KMT erred in offering its own UN referendum, and now must call for a boycott of both UN referenda to ensure the DPP version fails. China has not been a factor in this presidential election because Beijing has kept quiet. This is evidence, Lien asserted, that Beijing has "learned the lessons" of the 2000 and 2004 elections. Once in office, Ma will be able to move quickly on cross-strait flights and increased PRC tourism, Lien predicted, because most of the details have already been ironed out via the "Macao Process." However, it will be more difficult for Taipei and Beijing to reach a consensus on deeper economic cooperation, Taiwan's international "living space," and the missiles aimed at Taiwan. Beijing must understand that any consensus must be acceptable to Taiwan's people, Lien insisted, or further progress will be politically impossible. End Summary.

12. (C) The Director met with KMT Honorary Chairman Lien Chan and his foreign policy adviser Stephen Chen on March 6, at the offices of Lien's charitable foundation.

KMT Pushes on Green Card

13. (C) Prior to Lien's arrival, Chen asked the Director when the USG planned to answer the Central Election Commission (CEC) inquiry regarding Ma Ying-jeou's alleged U.S. citizenship. The Director informed Chen that the issue was being managed from Washington, and that AIT was not involved. Once the answer had been prepared, the Director continued, it would be delivered to the CEC through the TECRO office in Washington. Chen anxiously urged the USG to put the issue to rest before the presidential election, not after.

14. (C) After congratulating Lien on the birth of his first grandchild, the Director asked Lien for his predictions on the presidential race. There is a "reasonable chance" of a KMT victory, Lien replied, as long as "all other things remain equal." There are still two weeks remaining before the election, Lien explained, and the KMT remains on guard against "surprises" from President Chen and the Hsieh campaign. The Director noted that others in the KMT had expressed concern for Ma's physical safety, which is particularly at risk when Ma interacts with the public. Lien did not answer the question directly, but gave the sense that he was not overly concerned by threats to Ma's person. Both Lien and Stephen Chen agreed that it was too early to talk about who might be chosen to serve in Ma's cabinet, if he is elected.

...Thanks to Chen, Not Ma

15. (C) Lien had little positive to say about Ma or the quality of his presidential campaign. Lien conceded that Ma has a "moderate" personality which may be "more acceptable" to voters than the temperament of his opponent, DPP candidate Frank Hsieh (Chang-ting). But he was quick to add that the "real" reason Ma was leading in the polls was the abject failure of the Chen administration and Chen's own rock-bottom popularity ratings. After eight years of DPP mismanagement, Lien continued, the voters are ready to hand the mantle of leadership to the KMT. Ma's campaign has been nothing special, Lien intimated, but Ma continues to hold onto the lead because Hsieh has been handicapped by Chen and the

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deep-Green base. Until recently, Lien continued, Hsieh has been unable to differentiate himself from Chen on the "raw nerve issues" of Taiwan politics: Taiwan identity, independence, and cross-Strait relations. For some time Hsieh has wanted to stake out more moderate positions on these issues in order to court "middle voters," Lien added, but could not do so without risking public criticism from Chen and alienating the deep-Green base.

Few Swing Voters

16. (C) Taiwan does not have a large population of middle voters, opined Lien. He asserted -- presumably on the basis of KMT and media polls -- that Taiwan's 13 million "expected voters" are almost evenly split between the MT (6.6 million) and the DPP (6.4 million). There may be some fence-sitters, Lien conceded, but they won't play a large role in deciding the outcome of the presidential election. Perhaps the most important demographic groups will be young voters who are, to Lien's surprise, increasingly supportive of the KMT, and "disinterested" light-blue and -green voters, who sat out the legislative elections but won't neglect the presidential ballot. Lien's foreign policy adviser Stephen Chen predicted that the participation of these two groups could increase voter turnout to around 80 percent, and surmised that they would vote 3-2 in favor of Ma.

KMT Must Boycott UN Referenda

17. (C) The KMT erred by offering its own referendum, Lien remarked, adding that he fully expects the KMT Central Standing Committee to call for a boycott of both UN referenda in the final days of the campaign. Lien told the Director he first had urged the KMT to do whatever it could to derail the DPP's UN referendum. After the Central Election Commission sidestepped all of the KMT's procedural objections, Lien continued, some within Ma's campaign circle suggested it would be better for the KMT to offer an alternative UN

referendum, rather than "ceding the field" to the DPP. Lien opposed the idea, arguing that it would damage the KMT's relationship with the PRC. Both UN referenda are frauds, he continued, because their passage will not secure Taiwan's admission to the UN. By offering its own referendum, Lien complained, the KMT legitimized the issue, unwittingly helping the DPP energize its base.

18. (C) If the KMT does not call for a boycott, the DPP UN referendum could pass, Lien worried. The KMT did not boycott the cross-strait and missile defense referenda held alongside the 2004 presidential election, Lien reasoned, both of which missed the 50 percent participation threshold by only five percent. Those referenda posited "technical" questions, argued Lien, which did not grab and hold the public interest. In contrast, UN membership is a "symbolic" issue which most voters understand, which could boost voter turnout and chances of passage. For this reason, Lien concluded, the KMT must play it safe and call for a boycott.

China Has Learned Its Lesson

19. (C) China has not been a significant factor in this presidential election, remarked Lien, because Beijing has learned from Chen's two victories not to interfere in Taiwan's presidential elections. Does this mean that if Ma is elected, asked the Director, Beijing would move quickly to expand tourism and establish direct flights? Ma has stated his intention to begin work on this immediately, replied Lien, but admitted he did not know exactly what Beijing would be willing to do or how quickly PRC leadership would act. Most of the technical details on expanded PRC tourism and regular cross-strait charter flights have already been ironed out via the "Macao process," Chen added, suggesting that rapid progress was indeed possible.

Reason to Hope on Cross-Strait

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110. (C) Finding a mutually acceptable interpretation of the "one China, different interpretations" rubric remains the most important stumbling block in cross-strait relations, Lien conceded. The KMT accepts the "one China" principle, and China hasn't pressed for more, but if it did, the KMT for domestic political reasons would have to insist that "one China" meant the ROC. Lien insisted that PRC President Hu Jintao understands that Taiwan political leaders must maintain Taiwan's separate political identity if they are to remain in office. Lien related that during his meetings with Hu on this matter, Hu repeatedly stressed the importance of "seeking commonality while accepting existing differences" (qiutong cunyi). Lien also stated that the most important sentiment expressed in the April 29, 2005 CCP-KMT joint communique was "emphasize the status quo, cooperate on the future" (zhongshi xianshi, gongchuang weilai). The Director asked whether Hu's personal power was sufficient to enable him to increase cooperation with Taiwan. Hu is in a more "comfortable" position following the 17th Party Congress, Lien somewhat cryptically replied.

111. (C) The Director expressed hope that Beijing would substitute its old-fashioned ideas on cross-strait relations with a greater emphasis on cooperation and stability. Without an order from the highest levels, however, the campaign to isolate Taiwan diplomatically will not stop, and the PRC military threat to Taiwan will continue to grow. It would be "stupid" of Beijing to continue these policies after Ma assumed office, replied Lien, because doing so would choke off prospects for cooperation. Before any peace agreement can be signed, Lien added, Taipei and Beijing will have to reach a consensus on economic cooperation, Taiwan's international "living space," and the missiles aimed at Taiwan. Beijing must understand that any consensus must be acceptable to

Taiwan's people, or further progress will be politically impossible.

Ma Undecided on Lien's Cross-Strait Role

¶12. (C) Lien said he had campaigned vigorously on behalf of the KMT's legislative candidates, attending and giving speeches at dozens of rallies around the island. Lien also mentioned that he was suffering from a serious cold, which he contracted after standing outside in the rain during a rally to inaugurate Ma's campaign headquarters. Lien said somewhat disingenuously that, if he can beat the cold, he will continue to campaign for Ma in the remaining weeks of the race. Lien added that he and Ma have recently been "close enough to consult with each other" on matters of cross-Strait policy, but Ma had not yet asked him to take a prominent role in advancing cross-Strait relations because such discussions were still premature.

Comment

¶13. (C) It appears that Lien and others in the blue camp still believe the DPP UN referendum has a good chance of passing unless the KMT calls for a boycott. In fact, others, such as KMT Taichung mayor Jason Hu, have now begun to push publicly for a boycott. Whether the KMT leadership eventually reverses its position and how KMT candidate Ma responds could be crucial factors determining the outcomes of both the UN referendum vote and the presidential election itself. End Comment.
YOUNG